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| TRANSMITTAL SLIP | | DATE |
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| ROOM NO. | BUILDING | |
| REMARKS: | | |
| <p>ADDA <u>VA</u> 3 SEP 1957</p> <p>DDA/Registry</p> | | |
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| ROOM NO. | BUILDING | EXTENSION |

EXECUTIVE SECRETARIAT
ROUTING SLIP

TO:

| | | ACTION | INFO | DATE | INITIAL |
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| 1 | DCI | | | | |
| 2 | DDCI | | X | | |
| 3 | EXDIR | | | | |
| 4 | D/ICS | | X | | |
| 5 | DDI | | X | | |
| 6 | DDA | | X | | |
| 7 | DDO | | | | |
| 8 | DDS&T | | X | | |
| 9 | Chm/NIC | | | | |
| 10 | GC | | | | |
| 11 | IG | | X | | |
| 12 | Compt | | X | | |
| 13 | D/OCA | | | | |
| 14 | D/PAO | | | | |
| 15 | D/PERS | | | | |
| 16 | D/Ex Staff | | | | |
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Remarks

Executive Secretary

3 Sep 87

Date

3637 (10-81)



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

Executive Registry

87-3184x

August 20, 1987



MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION
UNDER SECRETARY OF DEFENSE FOR POLICY
ASSISTANT SECRETARY OF DEFENSE FOR COMMAND,
CONTROL, COMMUNICATIONS AND INTELLIGENCE
DIRECTOR, DEFENSE INTELLIGENCE AGENCY
DIRECTOR, JOINT STAFF

SUBJECT: Audit of the Management of Special Access Programs at
the Defense Intelligence Agency (Project No. 7IN-082)

We plan to begin this audit in August 1987. The audit objective will be to determine whether special access programs are properly established, executed, reviewed, coordinated and managed at the Defense Intelligence Agency. The audit will include evaluations of the business functions, the operations related to those programs and the adequacy of the oversight of the Agency's participation in joint programs with other DoD components, Government Departments and activities. It is requested that the addressees coordinate the necessary accesses to program managers and information.

Mr. Alvin L. Madison is the Program Director and Mr. Bill A. Roderick is the Project Manager for this audit. Please designate a point of contact within your organization and provide the name of the designee to Mr. Madison at 693-0163 or Mr. Roderick at 693-0168.

Richard W. Townley

Richard W. Townley
Deputy Assistant Inspector General
for Auditing

cc:

Deputy Secretary of Defense
Secretary of the Army
Secretary of the Navy
Secretary of the Air Force
Director, Central Intelligence Agency
Assistant Secretary of Defense (Comptroller)
Assistant Secretary of the Army (Financial Management)
Assistant Secretary of the Navy (Financial Management)
Comptroller of the Air Force
Assistant to the Secretary of Defense (Intelligence Oversight)

DOA REGISTRY
FILE: 90-7





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
 WASHINGTON, D.C. 20503

Executive Registry

87-3203X

M-87-30

August 31, 1987.



MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM:

Joseph R. Wright, Jr.
 Joseph R. Wright, Jr.
 Deputy Director

SUBJECT:

Use of Credit Card Technology to Collect and
 Disburse Federal Funds

Since 1981, reform of cash management has been a top priority for this Administration. With the able assistance of the Financial Management Service (FMS) of the Department of the Treasury we have put in place a system to streamline and speed up collections and put disbursements on a more businesslike basis.

More still needs to be done. Agencies now have an opportunity to put in place Government-wide a cash management technique which has proven successful in the private sector--use of credit cards to collect Federal funds. Accepting credit cards will allow the Federal Government to expand its options for collecting funds owed to us. Over half of U.S. households own one or more credit cards and it's time that the Federal Government took advantage of this very attractive means of allowing people to pay their bills to us. This tool will make collections easier, reduce delinquencies, cut down on bad checks, and improve the information we receive on collections. Credit card technology will also help us make vast improvements in the quality of service to the public. We need to move aggressively to identify opportunities to use credit card technology, not only for collection, but also for disbursement of Federal funds.

Credit Cards for Collections

We have been accepting credit cards successfully for some time in applications like sales to the public. This has been going on for over 10 years at GPO, Smithsonian, and NTIS and is also in use at Archives, U.S. Mint, and Military Post Exchanges. Credit cards are also being accepted for fines and fees. Customs accepts credit cards for payment of duties at 20 airports. In September, Justice will begin pilot testing acceptance of credit cards in payment of magistrates' fines in Arizona, Hawaii, and Virginia.

DD/A REGISTRY

FILE: 60-7



Beginning in September, FMS will take a significant step forward with the award of a Government-wide contract to support agency acceptance of credit cards from the public for sales and for payment of fees, fines, and debts. FMS expects to select the financial institutions shortly and begin providing credit card services on September 18, 1987. This contract will run to August 31, 1989, with three one-year renewal options. Credit card services to be provided include: Authorizing transactions electronically unless telephone or warning bulletins are more cost effective; settlement processing of funds from the agency collection location to the financial institution by magnetic tape, on-line network, or deposit of paper slips; transferring funds by wire from the financial institution to the Treasury account at the Federal Reserve Bank in New York; and training, supplies, assistance on chargebacks, and reporting.

A number of agencies are waiting at the starting gate, including Customs and Veterans Administration. Forty agencies have expressed strong interest in using the contract to facilitate accepting credit cards. We urge all agencies to review their programs for possible applications. When the contract is awarded, bank representatives will be calling on your agency to discuss applications.

To assist you in this process, FMS will begin conducting training sessions on the acceptance of credit cards during the last week of August and lasting through September. If you have any questions, please call Diane Logan on 634-5784 for further information on the FMS training sessions and details of the contract.

In preparation for this, we are requesting that your agency submit to OMB by October 15th, an inventory of programs which may be candidates for accepting credit cards in the collections process. This inventory should include programs involving the sale of goods or services, the collection of fees and fines, and the collection of debts. The inventory should include for each program a brief description of the way credit cards could be integrated into the other options available for remitters (cash, check, money order), estimated volume of transactions and dollar flow, and possible impediments to implementation.

Credit Cards for Disbursements

As part of this Administration's broader initiative to make use of credit card technology part of day-to-day operations, we urge agencies to begin to explore ways to use credit cards and related technology not only for collections as described above, but also in the disbursement of funds. Credit cards have been

used for some time by Federal employees who are frequent travelers -- about 300,000 Diners Club cards have been issued to date for official travel worth over \$400 million. GSA expects this to grow to 500,000 cards in 1988 to handle \$700 million in travel. Agencies should also be able to make small purchases with credit cards; Government-wide application of this technique is being tested by the Departments of Commerce and Agriculture.

By September 30th agencies should submit to OMB an inventory of programs which are potential candidates for use of credit card technology in disbursing funds, whether for goods or services or in the form of benefits to the public. The inventory should briefly describe for each program the way the new technology could be used. If there are questions, your staff should contact Suzanne Duval on 395-6107.

With the help of your agency we can institute new processes which will further our goal of placing the Federal Government's cash management on a more businesslike and efficient basis.